
DGS Pre-Tax Parking Fee Program Policy

In accordance with Internal Revenue Code Section 132(f)(4) and Public Law 105-178

- Effective June 1, 1999
- Revised July 1, 2004
- Revised July 1, 2005
- Revised August 1, 2006
- Revised July 1, 2011
- Revised October 1, 2012

What is the DGS pre-tax parking program?

The Department of General Services established a pre-tax parking fee program effective June 1, 1999, in accordance with Federal Code Section 132(f)(4). Program participants pay fees for parking before taxes are taken out of the employee's paycheck each payday. Gross pay as reflected on an employee's earnings notice is not change; however the employee's annual W-2 reflects a reduction in taxable earnings reported.

Who is eligible to participate in the program?

Employees of a state agency who pay for use of parking facilities provided by the DGS Parking Services program through payroll deduction are eligible to participate in the program.

When may I begin participating in the program?

Eligible employees may opt to participate in the program based on the following schedule:

Participation must begin on either the 1st or 16th of the month, therefore:

Forms that are
submitted between:

1st – 15th of a month
16th – 31st of a month

Will be reflected beginning with
with the paycheck dated:

The 1st of the following month
The 16th of the following month

How do DGS employees sign-up?

Employees must complete the Agreement for Pre-Tax Parking Fee Program form. This form may be hand-delivered or sent via inter-agency mail to: DGS Parking Services, 215 Governor Street.

How are parking program contributions made?

Participants pay contributions to the parking program through payroll deduction. Participants complete an Agreement For Pre-Tax Parking Fee Program form allowing their pre-tax earnings to be reduced by the parking fees charged by the DGS Parking Services.

When fees charged for the parking assignment (either increase or decrease), the pre-tax amount charged for parking will automatically change.

What happens to my program contributions if I terminate employment?

Participation ends upon termination of employment. Retroactive adjustments will not be permitted.

What happens if I wish to discontinue participation in the program?

Participants may discontinue participation in the program at any time by submitting an Agreement For Pre-Tax Parking Fee Program form to: DGS Parking Services, 215 Governor Street. The Agreement forms are due 10 days prior to the effective date of termination (1st or the 16th). Retroactive adjustments will not be permitted.

Will the terms of the program be changed?

The program will continue indefinitely provided continued allowance by law. However, DGS reserves the right to modify or discontinue the program at any time. DGS will exercise good faith, apply standards of uniform application, and refrain from arbitrary actions.

What benefit does an employee receive from participating in the program?

Employees that have the after tax parking deduction will see an increase in net (take home) pay. The following is an *example* for an employee whose annual salary is \$24,000, is married, and claims two federal and state exemptions:

	<u>After Tax Payment</u>	<u>Pre-Tax Program</u>
Gross Pay	\$1,000.00	\$1,000.00
Pre-Tax Parking Deduction	<u>0.00</u>	<u>24.50</u>
Taxable Income	1,000.00	977.00
FICA	56.50	56.50
Federal Income Tax	36.27	34.58
State Income Tax	35.15	35.13
After Tax Parking Deduction	<u>24.50</u>	<u>0</u>
NET PAY	\$847.58	\$849.29
Increase:		\$ 1.71

Savings in one year $(24 \text{ paychecks} \times \$1.71) = \$41.04$